GOVERNMENT OF INDIA
CHEMICALS AND FERTILIZERS
LOK SABHA

UNSTARRED QUESTION NO:1133
ANSWERED ON:01.08.2005
SETTING UP OF COMMITTEE TO DEREGULATION OF FERTILIZER DISTRIBUTION
Singh Shri Ganesh

Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state:

(a) whether the Government has reviewed the fertilizer policy with a view to allow the fertilizer producers to sell their product in the open market; and

(b) if so, the outcome thereof;

(c) whether the Government has also set up any committee to ensure the deregulation of fertilizer distribution;

(d) if so, whether said committee has submitted its report;

(e) if so, the details of the recommendations made therein; and

(f) the reaction of the Government thereto?

Answer

THE MINISTER OF CHEMICALS AND FERTILIZERS & MINISTER OF STEEL (SHRI RAM VILAS PASWAN)

(a) to (f): Until 31.3.2003, the movement and distribution of urea was entirely covered under the Essential Commodities Act (ECA). On introduction of New Pricing Scheme for urea units replacing the erstwhile Retention Price Scheme w.e.f. 1.4.2003, phased decontrol of urea distribution has been undertaken. At present, the allocations of urea under ECA are restricted upto 50% of the installed capacity (as reassessed) of each unit upto kharif, 2005 i.e., 30.9.2005. The remaining quantity of urea is de-regulated and urea manufacturers are free to sell it to farmers at statutorily notified maximum retail price (MRP) anywhere in the country. The quantum of allocation of urea under ECA for the period beyond 30.9.2005 is under consideration of the Government. Further, a Working Group has been constituted under the chairmanship of Dr. Y.K. Alagh to review the effectiveness of Stage-I and II of New Pricing Scheme for urea and to formulate a policy for urea units for Stage- III commencing from 01.04.2006. The Working Group has been entrusted the task, inter alia, of examination of issues pertaining to decontrol of movement and distribution of urea. The Working Group has not yet submitted its report.

In case of phosphatic and potassic (P&K) fertilizers, the Government controls price through indicative maximum retail price mechanism (MRP). The manufacturers are eligible for concession only if the fertilizer is sold at indicative MRP. However, there is no control on distribution and movement of P&K fertilizers.